

Student Loan Debt Action Plan

Congressman Ron Kind

Representing Wisconsin's Third Congressional District

We Must Act Now

Student loan debt has surpassed \$1 trillion, higher than credit card debt and only second to homeowner mortgage debt. More than 40 million Americans are struggling with their student loans. With more than \$1 trillion owed, student loan debt is impacting the housing market and automobile sales, preventing economic growth in our communities. In Wisconsin alone, student loan debt reduces new vehicle spending by more than \$200 million annually according to a study by One Wisconsin Now. More than ever, we have an immediate need to reform student loan repayment programs so that students aren't punished for seeking higher education.

Wisconsin's Third Congressional District is home to fourteen colleges and universities and more than 71,000 undergraduate students. On average, Wisconsin students hold more than \$28,000 in student loans when they graduate but some students have well over \$100,000 in debt. The student loan debt crisis must be addressed now. My plan provides five simple and workable options to ease the burden on current and future student loan borrowers and their families.

Government Shouldn't Profit from Student Loans

The federal government is expected to make \$127 billion in profit from the federal student loan program over the next ten years. It's wrong for the government to make billions off the backs of students struggling to pay off their federal loans. I introduced the Protecting Education through Lifetime Learning (PELL) Grant Funding Act (H.R. 2880) to stop the federal government from making money by putting students further into debt. My legislation directs any profit the governments makes from federal student loan programs into federal Pell Grant programs, making sure that Pell grants remain sustainable and affordable for future students.

Allow Refinancing of Student Loans – Like Mortgages

Student loan borrowers should be allowed to refinance their loans if interest rates drop just like homeowners can do with their mortgages. Student loan borrowers can be saddled with decades of high interest loans and the large monthly payments that come with them simply because they graduated when interest rates were high. That's why I'm a cosponsor of legislation authored by Wisconsin Representative Mark Pocan to allow borrowers to refinance their student loan debt when interest rates drop. This simple change could save some students thousands of dollars over the life of their loan.

Expand the Student Loan Interest Deduction

I support the Student Loan Interest Deduction Act, which would increase the maximum tax deduction allowed for student loan interest from \$2,500 to \$5,000 for individuals and up to \$10,000 for married couples filing jointly. The deduction phases out for high-income earners so this proposal provides targeted relief for low and middle income families that have the highest interest rates and the largest debt burdens.

Match Loan Payments to Earnings

Many borrowers struggle to make payments in the years after graduation when their incomes are often lowest or if they become unemployed. A simple solution is to create a streamlined and dynamic repayment system that automatically adjusts to a borrower's ability to pay. I am a cosponsor of legislation authored by Wisconsin Representative Tom Petri to allow borrowers to have their payments withheld from their paychecks along with payroll taxes, making repayment automatically responsive to borrowers' economic situation so they pay off their loan quicker as they earn more but are protected during periods of low-earnings or unemployment. This will simplify repayment and protect borrowers against financial ruin that comes with default.

Give Students the Same Interest Rates as Big Banks

Student borrowers should have access to the same low rates that banks receive from the Federal Reserve. That's why I'm a cosponsor of legislation authored by Senator Elizabeth Warren and Representative John Tierney to give students access to those same low rates.